United Nations A/71/141

General Assembly

Distr.: General
30 March 2016
English
Original: Spanish

Seventy-first session

Request for the inclusion of an item in the provisional agenda of the seventy-first session

Observer status for the Central American Bank for Economic Integration in the General Assembly

Letter dated 21 March 2016 from the Permanent Representative of Honduras to the United Nations addressed to the Secretary-General

In accordance with rule 13 of the rules of procedure of the General Assembly, I have the honour to request the inclusion of an item entitled "Observer status for the Central American Bank for Economic Integration in the General Assembly" in the provisional agenda of the seventy-first session of the General Assembly.

I have the honour to transmit herewith a letter from Mr. Arturo Corrales, Minister for Foreign Affairs of Honduras (see annex), accompanied by an explanatory memorandum, in accordance with rule 20 of the rules of procedure of the General Assembly.

I should be grateful if you would have the present letter and its annex circulated as a document of the General Assembly.

(*Signed*) Mary E. Flores

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Annex

Letter dated 8 March 2016 from the Minister for Foreign Affairs of Honduras addressed to the Secretary-General

As you are aware, Honduras has been serving as President Pro Tempore of the Central American Integration System (SICA) since 1 January 2016 and, in that capacity, is pleased to inform you that the SICA Council of Ministers of Foreign Affairs agreed, at its meeting held on 13 November 2015, to approve the request by the Central American Bank for Economic Integration to apply for observer status in the United Nations General Assembly.

The Central American Bank for Economic Integration is an international juridical person and a specialized institution whose purpose is to promote the economic integration and balanced economic and social development of its founding countries, taking into account the interests of the beneficiary country and all of its regional and non-regional partners. In that regard, I am pleased to provide herewith an explanatory memorandum containing general information on the Bank (see enclosure).

As President Pro Tempore of SICA and on behalf of the member countries, I have the honour to request the inclusion in the agenda of the session of the Assembly of an item entitled "Observer status for the Central American Bank for Economic Integration in the General Assembly". This status would enable the States Members of the Organization to debate and achieve a positive outcome on the interests of our regional integration system, and also allow the development finance institution of SICA to witness the consideration of relevant issues on the international agenda.

(*Signed*) Arturo **Corrales Álvarez**
Minister for Foreign Affairs and International Cooperation

Enclosure

Explanatory memorandum

Central American Bank for Economic Integration

The Agreement establishing the Central American Bank for Economic Integration was signed on 13 December 1960 by Guatemala, El Salvador, Honduras, Nicaragua and Costa Rica. Today, a number of other countries have joined the Bank: Panama and the Dominican Republic as non-founding regional partners, the Republic of China (Taiwan), Mexico, Argentina, Colombia and Spain as non-regional partners, and Belize as a beneficiary country.

In terms of its organizational structure, the Bank has a Board of Governors, a Board of Directors, an Executive President, an Executive Vice-President and such other officials and employees as may be deemed necessary.

The Board of Governors is the highest authority of the Bank, comprising, without distinction, the Minister of Economic Affairs/Treasury or head of the Central Bank of each member country. The Board of Directors is responsible for managing the operations of the Bank. To this end, it exercises all the powers delegated to it by the Board of Governors, determines the operational and administrative policies and approves the budget and the short-, medium- and long-term plans of the Bank. It also determines the basic organization of the Bank, overseas administrative management and makes proposals to the Board of Governors for the establishment of capital reserves.

Under the authority of the Board of Directors, the Executive President, as legal representative of the Bank, oversees its administration and ensures compliance with the Agreement establishing the Bank, its regulations and the decisions of the Board of Governors and the Board of Directors.

Article 1 of the Agreement establishing the Bank states that the Bank is an international juridical person, and shall perform its functions in conformity with the Agreement and its regulations.

Article 2 states that the purpose of the Bank is to promote the economic integration and balanced economic development of the founding countries. In pursuance of this objective, it promotes projects or programmes relating to:

(a) Infrastructure to complete existing regional systems or offset disparities in basic sectors which hinder the balanced economic development of Central America;

(b) Long-term investment in industries from the region or of importance to the Central American market, which help to increase the supply of goods available for intra-Central American trade, or for export;

(c) Investment in the agricultural sector for the purpose of improving, expanding or replacing farms;

(d) Funding of companies that need to expand or upgrade their operations, modernize their processes or change their production structure in order to improve their efficiency and competitiveness;

(e) Financing of services required for the development of the region;

(f) Enhancement of economic complementarity among Central American countries or within Central America and trade with third countries;

(g) Social development of Central American countries;

(h) Conservation and protection of natural resources and the environment;

(i) Funding of studies on topics referred to in this article and any other programmes or projects authorized by the Board of Governors; and

(j) Programmes or projects that are of great regional significance, which will be given priority consideration.

These objectives are in line with the purposes of international economic and social cooperation set out in Chapter IX of the Charter of the United Nations.

Article 6 of the Agreement stipulates that the resources of the Bank include not only its own capital and reserves, but also proceeds from loans and credits obtained in capital markets and any other resources received in any legal form. The Bank does not accept from its sources of revenue any conditions that are of a political nature or that are contrary to its objective.

Article 7 of the Agreement states that the capital, capital reserves and other resources owned or administered by the Bank are used to fulfil the purpose set forth in article 2.

To this end, the Bank may:

(a) Study and promote investment opportunities in Central American countries, duly planning its activities and establishing the necessary financing priorities;

(b) Provide or participate in short-, medium- and long-term loans;

(c) Issue bonds;

(d) Participate in the issuance and placement of credit instruments of any kind;

(e) Obtain loans, credits and guarantees from Governments and financial institutions;

(f) Act as a financial agent or intermediary in the arrangement of loans and credits for Governments, public institutions and enterprises based in Central American countries; to this end, it establishes such relationships with other institutions as it may deem expedient and may take part in the preparation of the specific projects concerned;

(g) Act as a trustee;

(h) Provide securities for the obligations of public or private institutions and enterprises, up to such amounts and for such periods as the Board of Governors may determine;

(i) Obtain securities from the member States for loans and credits issued by other financial institutions;

(j) Provide advisory services for loan applicants;

(k) Conduct all such additional transactions as may be necessary for the purpose and operations of the Bank, in accordance with the present Agreement and its regulations.

Granting the Central American Bank for Economic Integration observer status in the General Assembly would enable it to cooperate with the Organization effectively, regularly and in a structured manner, in line with the interests of both entities and their member States.